X THE MANAGEMENT IMPROVEMENT PLAN

OF THE

RURAL ELECTRIFICATION ADMINISTRATION X

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USDA



The Rural Electrification Administration administers two programs: (1) a rural electrification program and (2) a rural telephone program. The principal means of carrying out these programs is through selfliquidating loans which are made on a maximum 35-year amortization basis. The rural electrification program provides for the extension of central station electric service for persons in rural areas that are without such service. In the execution of this program the Agency renders advice and assistance to borrowers in organization matters and on problems involved in the design, construction and operation of electric systems, in order to achieve maximum efficiency in providing adequate electric service. The rural telephone program was authorized in October 1949 and provides for making self-liquidating loans for the purpose of furnishing and improving telephone service in rural areas. REA does not acquire, construct, own or operate electric or telephone systems. It does assist on a selective basis and where necessary, borrowers in these activities, inasmuch as the principal security for the loans rests primarily on the revenue producing capacity of the borrowers' systems.

The Agency has a functional type of organization and consists of the following nine divisions: Applications and Loans Division, responsible for loan recommendations and power use-member education; Engineering Division, responsible for construction and technical operations activities of distribution borrowers; Finance Division, responsible for loan accounting and auditing activities; Management Division, responsible for management advice and assistance to distribution borrowers; Power Division, responsible for construction, technical operation, and management activities concerned with generation and transmission borrowers; Technical Standards Division, responsible for standardization and improvement of equipment and technical practices; Information Services Division, Administrative Services Division and Personnel Division.

The Agency maintains no field offices, but has a staff of approximately 300 field representatives working directly with borrowers. These consist of approximately 100 auditors, 75 engineers, 50 management representatives, and 75 loan representatives. There are approximately 950 employees at the headquarters office in Washington. To date, the Agency has made loans in excess of two billion dollars and borrowers have in operation 955,000 miles of electric lines serving more than 3,000,000 consumers.

THE MANAGEMENT IMPROVEMENT PLAN OF THE RURAL ELECTRIFICATION ADMINISTRATION

This report is submitted in compliance with Budget Bureau Circular A8, "Instructions for Agency Management Improvement Plans," issued as of January 31, 1950. It outlines the elements and the basis for the Management Improvement Plan of the Rural Electrification Administration and includes the specific methods and techniques employed by the agency in:

- I The Systematic Review of Operations to Determine Efficiency and Economy;
- II The Identification of Opportunities for Management Improvement, Together With the Scheduling of Action to Achieve Them;
- III The Identification of Employees and Groups of Employees Who Make Outstanding Contributions to Efficiency and Economy.

The methods or techniques to be employed are listed and briefly described under each of these three major headings with the descriptions designed to furnish: the nature of the method or technique, its purpose and contribution, the procedure involved, and the units or individuals responsible. The methods and techniques included in the plan are largely those in effect but provide for the addition of certain new methods and the refinement of existing procedures to strengthen present practices from the standpoint of systematic and comprehensive treatment. Since the inception of the program, the Rural Electrification Administration has given careful and continuing attention to the application of scientific management principles to its activities to assure economical and effective administration of its program and will continue to make every effort to improve its practices and procedures to carry out the objectives and plans of the President and the Congress.

I METHODS FOR THE SYSTEMATIC REVIEW OF OPERATIONS

A. SYSTEMATIC REVIEWS THROUGH REPORTS:

1. Production Control Reports

Purpose: A production control system over lending and construction activities has been in effect in REA since the early days of the program and has made and continues to make an outstanding contribution to the effective administration of the program. The production control reports prepared in REA are of two types: first, project status reports on documentary steps from the operating offices of REA and construction status and construction rate reports submitted by the consulting engineers of borrowers; and second, delay reports prepared from the two types of status reports to indicate where standard processing schedules have not been met. The production control reports, therefore, provide the factual base for a comprehensive system of unit controls over each rural electrification project financed by the agency. Similar reports and control procedures are contemplated for application to all rural telephone projects to be financed by REA.

Responsibility and Procedure: The responsibility for the preparation and submission of project status reports rests with the operating offices of REA for documentary steps and with the borrowers consulting engineers for the submission of reports of construction progress. The responsibility for the analysis and comparison of actual performance with standard processing schedules and for the preparation of the delay reports rests with the Production Control Section of the Administrative Services Division.

The procedure involved is as follows. Documentary status and construction progress reports are submitted on the first of each week to cover project status through Friday of the preceding week. On the basis of these data and their comparison with standard time schedules, the Production Control Section prepares delay and slow rate reports to show where and to what extent schedules have not been met. The delay reports are reproduced for discussion at a joint meeting of regional personnel from all line divisions held on Friday of each week. The chairman of the weekly meeting is the Assistant Administrator. The delayed projects are discussed individually, region by region, to determine the circumstances involved and the reasons for the delay. On determination of the facts in each case, the chairman indicates the action to be taken and the person or persons to be responsible. A record is maintained of such assignments and at subsequent meetings where delays persist there is a follow up to determine progress in the execution of the assignments.

It is believed that the production control system in the agency is working very effectively, and no major changes are anticipated for adaption of this technique to the Management Improvement Program. Additional development and refinement along present lines will necessarily be needed for the introduction of effective controls in the rural telephone program.

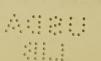
2. Weekly Progress Report

Purpose: The Weekly Progress Report is an overall control report on the progress of key program items, as well as special items, and is used as an administrative control device in determining weaknesses or deficiencies in agency progress. This report provides columns for schedules as well as for performance to permit a weekly evaluation of the effectiveness of the program.

Responsibility and Procedure: This report is prepared by the Statistical Services Section, Administrative Services Division. The data comprising the reports are submitted by the various divisions, and are consolidated by the Statistical Services Section. Distribution of the report is limited to members of the Administrator's immediate staff and to Division Chiefs.

3. Employee Time Reports

Purpose: Two types of continuous employee time reports are now in effect in the agency: first, reports from personnel on time devoted to the rural telephone program to provide the basis for a determination of joint costs between the electrification and telephone programs; and second, employee reports by activity within organization units to enable supervisors to determine and control the



distribution of employee time and output. A second purpose of this latter type of report is to develop sound work load units and time standards for staffing determinations on an operating basis and in connection with budget justifications.

Responsibility and Procedure: In line divisions concerned with both the electrification and telephone programs, all employees are required to record daily official time applied to work on the telephone program. The cards on which the daily recording is maintained cover each two-week pay period and at the end of each period are forwarded from the operating offices to the Statistical Service Section of the Administrative Services Division to be tabulated and priced out by IBM machines for determination of the cost of personal services in the administrative accounts of the telephone program. On the basis of these data the administrative accounts of the agency are maintained to reflect the breakdown in costs for the two programs.

Continuous employee time reports are maintained in connection with agency responsibilities and administration in the fields of electric generation and transmission facilities, technical standardization, field audit of borrower records and field loan activities. The normal pattern provides for recording time daily and submission of the report to a central point for analysis in the division involved on a weekly or monthly basis. In connection with engineering activities on distribution systems, a periodic check is made on the distribution of employee time by activity. The operating divisions of the agency are primarily responsible for such reports and responsibility for their analysis is placed on the assistant to the chief who is concerned with organization and methods work in those divisions.

Under the Management Improvement Program, it is intended to appraise further the need for additional reports of this type and to expand their application wherever practical benefits are indicated.

4. Work and Output Reports

Purpose: Work and accomplishment reports of varied types are employed in all divisions of the agency. Such reports serve to keep operating officials constantly aware of work load and output and of their relationship to staffing requirements and of the need for adjustment of staff to meet changing work load conditions. Although such reports are not as comprehensive or as systematic at all levels as might be wished, nevertheless, the results from the reports now in effect have been substantial in their contribution to effective administration.

Responsibility and Procedure: In the departmental organization, the regional and section heads in each division are responsible for seeing that the personnel under their supervision complete such reports and forward them for consolidation and analysis at the scheduled time. These reports are normally processed in the office of the chief of each division, and in line divisions it is the responsibility of the assistant to the chief who is particularly concerned with organization and methods work. The assistant to the chief is also responsible for the development of recommendations as to the administrative action that is indicated from the analysis of the time reports.

As a part of the Management Improvement Program, effort will continue to be directed toward making reports of this type more comprehensive and systematic and their analysis and use refined to achieve the most economical and effective operation.

5. Field Reports

Purpose: To provide a continuous review of field operations.

Responsibility and Procedure: Each traveler must prepare a field report, Form ADM 36 within a week after the completion of a visit to a borrower or other specific assignment. The field report is submitted to the regional or section head with a copy to the Administrator.

Each such report, in addition to information required by a specific assignment or other instructions, includes:

- a. The name and address of each borrower, other agency or person with whom significant discussions were held, together with dates;
- b. A statement of the purpose of the field trip;
- c. A statement of results of the trip;
- d. A statement of recommendations for future follow through or action;
- e. A statement of significant instructions, guidance or recommendations given to a borrower, other agency or person; and
- f. A summary of the major points of discussion.

6. Quarterly Report on Staffing and Work Load

Purpose: As part of a program for effective administration, REA staff and line divisions are required to review work load and staff distribution on a quarterly basis and to submit a report on a comparative basis showing staff and work load for past, present, and future periods. The purpose of this report, which is submitted to the office of the Administrator, is to provide for a quarterly appraisal and evaluation of work load and accomplishment in relation to personnel requirements.

Responsibility and Procedure: The primary responsibility for such review rests with the chief of each division. In the line divisions the assistant to the chief is specifically responsible for collecting the required information and for making the initial analysis of the data with recommendations to the chief. These reports are reviewed by the immediate staff of the Administrator in the light of policy requirements and known or anticipated program developments. As



a result of the review, recommendations are made as to desirable changes and the disposition of personnel or work load in each division. These recommendations and the circumstances generally in each division are reviewed by the Administrator at a staff meeting and decisions reached are incorporated into directives to be forwarded to the individual divisions.

In connection with the Management Improvement Plan, it is expected that such reviews will be continued and be refined as time and staff permit.

7. Debt Service Report

Purpose: A comprehensive report is prepared at the end of each quarter to reflect the status of Government loans to each REA borrower. This report reflects the following for each borrower: the total of all authorized loans; the total of all advances made under those loans; the amounts of interest due, paid, and overdue, if any; and the amounts of principal due, paid, and overdue, if any. The purpose of the report is to provide administrative officials with the necessary data on outstanding loans on which administrative attention can be given to those cases indicating need for corrective action.

Responsibility and Procedure: The preparation of this report is the primary responsibility of the Finance Division and particularly the Loan Accounts Section of that division. In the preparation of the report, all notes to an individual borrower are totaled to secure a summary presentation. The report is arranged by states and by borrowers. The report is carefully gone over by the responsible officials in the Finance and Management Divisions and by the Office of the Administrator for determination of the need for administrative action or corrective programs.

Little change is anticipated in this report or the procedure in connection with the execution of the Management Improvement Plan. This report has undergone a number of revisions over a period of time; and, except for minor changes, there appears to be little need for a further revision.

8. Monthly Statistical Bulletin

Purpose: A State and National summary of the major statistical measurements of the scope and accomplishments of the REA program is issued on a monthly basis. The report covers loan statistics, number of borrowers, number of consumers, and other pertinent program statistics. In addition to its value as a current factual report for administrative action, it is widely distributed outside the agency as a basic information document.

Responsibility and Procedure: Responsibility for collection of the statistics involved and for the preparation of the report rests with the Statistical Section of the Administrative Services Division. The report is widely distributed with copies being received in all operating and staff offices of the organization.

No basic change is anticipated in the preparation or use of this report from the administrative standpoint in connection with the Management Improvement Plan as outlined.

9. Annual Report of Energy Purchased by REA Borrowers

Purpose: A report is prepared on an annual basis to show the amount and cost of wholesale energy purchased by REA-financed electric systems. The report shows the amount and cost of the energy purchased by each borrower as well as the supplier providing the energy. The report is widely used in the organization in the analysis of power costs, power cost trends, and of the need for administrative action.

Responsibility and Procedure: The assembly of the primary data on energy sales and costs is the responsibility of the Power Procurement Section of the Power Division, and the preparation of the report is the responsibility of the Statistical Service Section of the Administrative Services Division. It is used in many parts of the organization for administrative purposes with particular emphasis on the Power Division, the Management Division, and the Office of the Administrator.

10. Reports on Borrowers' Operations (Based on Net Worth and Debt Service Coverage Reports)

Purpose: These reports serve three basic purposes: to provide a basis for the establishment of standards, to screen borrowers and determine which need additional attention and assistance, and to appraise the operations and efficiency of the borrowers' management.

Responsibility and Procedure: The Management Specialist in the office of the chief of the Management Division is responsible for the planning and direction of this activity. The detailed figures are processed on a mechanized basis by IBM punch cards. The reports are analyzed by the regional staff and by the Management Specialist of the Management Division.

11. Work in Process Report

Purpose: This weekly report assists program planning and appraisal of the status of major construction activities on an overall basis by providing the dollar value and the amount of work for each significant control step in the documentary and construction progress of the rural electrification program. This report has been developed on an experimental basis with the objective of eventually incorporating the most important sections into the weekly progress report described above.

Responsibility and Procedure: The Work in Process Report is prepared by the Production Control Section, Administrative Services Division, and is compiled from the basic records maintained for unit controls. Distribution of the report is limited at present to the Office of the Administrator and the Chief, Engineering Division.

12. Reports on Audits of Borrowers Records

Purpose: The audits performed by REA auditors are made for the general purpose of determining the financial condition and operating results of the borrowers and

to determine adherence to REA requirements with respect to accounting records and procedures. The audits provide a means of identifying areas in which management or program improvements may be made.

Responsibility and Procedure: The responsibility for the audit of borrower records rests with the Finance Division. Audits are made by field auditors or the staff of that division with the objective of achieving one audit per borrower per year. The audit covers both the operating records of the borrower and disbursements from the REA loan fund. In carrying out an audit, the field auditors are guided by the following to achieve standardization and uniformity:

- a. Accounting Manuals to obtain a uniform system of accounts and accounting systems for the use of borrowers.
- b. Auditor's Handbook to assist both new and experienced auditors in the performance of audit assignments and to assure a quality audit on a standard basis.

On completion, audits are submitted to the Washington office for review and analysis. It is in the analysis of the audit and the auditor's comments on the operations and stability of the borrower that the value of such reports is shown from the standpoint of management improvement. The audit reports have been and will continue to be a very fertile source for identification of opportunities for improvement in the REA program and management.

13. Construction Rate Report

Purpose: The weekly Construction Rate Report provides information on the rate of construction, the number of completed miles, mileage in process, and the number of new miles of construction started. This report, by presenting actual construction rates in comparison to an established standard rate, permits immediate appraisal of construction activity by regions.

Responsibility and Procedure: The Construction Rate Report is prepared by the Production Control Section, Administrative Services Division. The report is compiled from the construction rate reports submitted by consulting engineers. Distribution of the report is limited to the Office of the Administrator, the Engineering Division and the Power Division.

14. Special Reports

Purpose: Several special reports are prepared in the REA organization and are of major importance as a technique of systematic review. Such reports are utilized at all administrative levels from the Administrator down to unit heads and cover the entire range of administrative and program subject matter. The purpose of such reports is, of course, the collection and development of facts and recommendations to facilitate the determination of a course of administrative action in the handling of individual problems or programs.

Responsibility and Procedure: Included in this type of systematic review are many types of periodic and one time reports which are needed in the course of

effective administration for an agency with the staff and program of REA. Requests for such reports are made and received at all levels of supervision.

15. Oral Reports

Purpose: To provide a continuous method of orally providing supervisors with necessary information.

Responsibility and Procedure: This technique is utilized at all levels and is a continuing process.

B. SYSTEMATIC REVIEWS THROUGH SUPERVISION:

1. Production Control Meetings

Purpose: A supervision technique on which heavy reliance is placed for effective administration of this agency is the weekly production control meetings. The purpose of such meetings is to determine the reasons for delayed program activities and to assign responsibility for corrective action. Such meetings have been very productive in indicating opportunities for management improvement.

Procedure: Meetings of this type are held on Friday morning of each week and are attended by the operating personnel of all line divisions. The meeting is under the chairmanship of the Assistant Administrator to assure full authority for decisions reached and assignments made. The procedure at the meeting is to discuss the delayed actions, region by region, and to decide on definite administrative actions to eliminate such delays.

Excellent results have been achieved from the meetings in terms of securing positive action for the elimination of program delays and in developing the need for improvement activities to eliminate obstacles to program performance. It is anticipated that this technique will be continued as one of the most important methods of assuring the maintenance of effective administration.

2. Administrator's Staff Conference

Purpose: The purpose is to provide a regular basis for discussing agency problems with the key officials of the agency.

Procedure: These conferences are held subject to call by the Administrator and are attended by the Division Chiefs and other staff executives. Items discussed at these meetings are relayed to the divisional personnel by the Division Chiefs.

3. Advisory Committee on Administrative Policy

Purpose: The purpose of this committee is to provide an advisory group of top operating and staff officials to assist and advise the Administrator in the determination of administrative policy.

Procedure: The committee considers the needs for new or revised policies and reviews with the Administrator proposed policies for the agency. The meetings of the committee are arranged on call by the Administrator when policy consideration is required. A series of Administrative Bulletins set forth REA policy, and a series of Administrative Memoranda are issued to fix responsibility within the agency and to establish approved procedures. The Administrative Memoranda and Bulletins are distributed to each office in Washington and to every field representative in order that they may be fully informed concerning REA approved policies and practices.

4. Divisional Staff Conferences

Purpose: To provide a regular basis for discussing divisional problems with the key personnel of the division.

Procedure: These meetings are held usually once a week and are attended by the regional supervisors, section heads, and other divisional staff members. Matters discussed at these sessions which cannot be resolved at a divisional level are taken up by the Division Chief with the Administrator.

5. Annual Conferences

Purpose: Annual conferences of all personnel are held in the field and in Washington following the determination of the program for the coming fiscal year by the Congress and the President. These conferences have three principal purposes: first, to advise personnel of the authorized program for the coming year and of the plans of the Administrator for its execution; second, to discuss the ways and means of achieving the year's program in the light of field observation and experience; third, to discuss the nature and scope of major program problems and how maximum cooperation and effectiveness can be achieved in the solution of these problems and in the general administration of the program.

Procedure: In the past such meetings have generally been held during June at three or four central points throughout the country for field personnel and a meeting in Washington for departmental personnel. To assure effective use of conference time and attention to all major topics, a detailed agenda of the conference program is developed in Washington prior to the meeting. Included on a typical agenda are: general meetings for the presentation of pertinent data to all personnel attending, regional meetings to integrate and secure coordination of field personnel in the four line divisions, and divisional meetings to discuss and work out methods and programs for effective administration of the divisions in both the field and Washington.

6. Quarterly Field Meetings

Purpose: It is an established practice to have quarterly working meetings of all field personnel for each region to maintain the highest possible cooperation in the execution of the RMA program in that particular area. Such meetings have been very effective in identifying opportunities for management improvement and in obtaining a well-rounded and comprehensive approach to regional problems by the field representatives in the four line divisions.

Procedure: Arrangements are made by the Office of the Administrator and the Personnel Division to hold such meetings at a time and place most appropriate and convenient for all field personnel. The agenda of such meetings is largely determined by the field personnel themselves. A representative of the Office of the Administrator is in attendance at each meeting in order that the subject matter discussions and the recommendations of the field personnel may be brought back for the consideration of top administrative personnel in the Agency.

7. Special Inter-divisional Committees

Purpose: To provide a working group to study an agency problem and make recommendations.

Frocedure: A representative of each participating division is selected by the Administrator for membership on the committee. The committee will usually comprise from 3 to 6 individuals. If a chairman is not designated by the Administrator, then the committee elects its own. The members of the committee are chosen from all operating levels of the agency, such as regional heads, non-supervisory personnel, and staff executives. The committee prepares any written instructions such as a Field Manual, Bulletin, Administrative Memorandum, or other material, and presents these instructions with its recommendations to the Administrator for approval.

8. Functional Committees

Purpose: The Administration has encouraged the development of periodic meetings of employees with identical or comparable responsibilities and duties in order that there may be an exchange of information on common problems and ways of doing their work. Such meetings promote the development and standardization of best methods in the administration of individual activities.

Procedure: Committees of this type are now active in the fields of loan examination, office administration of borrower management activities, the analysis of borrower operations and financial performance, the analysis of audits of borrower records, and the performance of stenographic and clerical duties in several divisions of the organization. Normally such groups meet once a month to discuss mutual problems and to make recommendations to administrative officials on the adoption of methods for the more effective performance of their work. The idea for such committees stemmed largely from "gripe sessions", and their effectiveness indicates the desirability of further "grass roots" participation in a management improvement plan.

9. Agency-wide Suggestion Meetings

Purpose: To discuss any complaints the employees may have and to obtain group suggestions from all employees of the agency, both departmental and field. Such meetings supplement the cash awards program.

Procedure: The annual staff conference in Washington for departmental employees allocates approximately two hours to a so-called "gripe" session for suggestions. Supervisors are not permitted to attend this session.

The annual staff conferences for field representatives have generally been held during June at three or four central locations throughout the nation. The "gripe session" is part of the agenda at each field employees conference, with about two hours scheduled for such session on each program.

At both the Washington and field meetings, suggestions developed by the employees are all answered in writing by the Administrator. As a result of these meetings, many hundreds of useful ideas and improvements in operations have been presented and put into effect.

10. Consultation

Purpose: Individual and group consultation is employed in this agency on a broad scale as a supervision technique of major importance. Person to person consultation has been very productive in identifying needs in the agency for management and program changes.

Procedure: A variety of arrangements exists throughout the organization for informal and formal methods of consultation. REA will continue to encourage consultation at all levels of administration and to broaden the application of systematic and formal methods of consultation wherever possible and practicable.

11. Inspections

Purpose: To provide a first-hand rapid review of operations and conditions.

Procedure: Supervisors and key operating officials utilize this means of visiting various offices to confer with individuals. This method provides a quick way of obtaining the information desired. This agency is making inspections as time permits and for those areas where the need is urgent. It is planned to establish a schedule for periodic inspections of all activities and proceed with the work within the limitations of staff available. The new telephone program has high priority in this schedule.

12. Regional and Section Staff Meetings

Purpose: To provide a regular basis for discussing Regional and Sectional problems with the key personnel of the regions and sections.

Procedure: These meetings are usually conducted once a week on a very informal basis and are based on the divisional decisions and procedures reviewed at the divisional meeting. They provide a means for thoroughly reviewing the existing regional and section staff problems. Many regional heads follow the practice of issuing a weekly digest of regional activities and other important developments to keep their field personnel currently informed of developments.

C. SYSTEMATIC REVIEWS THROUGH BUDGET AND WORK PROGRAM:

1. Annual Work Load and Staffing Analysis

Purpose: Each year in connection with the annual budget submission, major studies of work load and staffing are conducted in order that sound estimates of future requirements may be developed and included in the budget presentations, as well as to provide a basis for the most effective utilization of manpower.

Responsibility and Procedure: To the maximum extent, the budget presentation of this agency is developed from the thinking and experience of the operating personnel. The line and staff divisions are given the primary responsibility of the initial development of program plans and estimates of staffing requirements for the budget year. The development of the plans and estimates is made through eareful analysis of past experience in terms of units of work and standard time requirements which the work count, output standards, other work measurement indices, and special studies of processing requirements indicate are the soundest possible estimates of time required to do the job. In the line division of REA, the primary responsibility for the development of the budget material and the collection of data on plans for future programs rests with the assistant to the chief. It is his responsibility, with the technical assistance of the staff specialists in the Office of the Administrator, to develop the necessary standards and breakdown of work units during the course of regular program operations so as to have them available for budget presentations when required.

At the time the annual budget presentation is required, the initial step is the development of the scope of the program involved for the budget year. This study is made in cooperation with the Office of the Administrator on the basis of the approved overall agency program. With this information available, the manpower requirements of the division program are developed through a determination of the number of work units to be performed and the application of standard time requirements for performance. On the determination of the manpower requirements for each activity and in total, the staffing pattern of the division for the budget year is worked out on the basis of experience.

Both the study to determine total manpower requirements and the staffing pattern are submitted to the Office of the Administrator for further study by the administrative management specialists and the budget office. After such reviews, the initial submissions from the staff and line divisions are consolidated to determine the budget requests of the agency. The initial consolidated study is reviewed by the Administrator and modified to conform to the approved program for the agency.

2. Quarterly Work Load and Staffing Analysis

Purpose: To provide a review every three months as to whether the most effective utilization is being made of available manpower, and to determine the number and type of transfers which are required to be made between the regions and sections based on the work ahead.

Responsibility and Procedure: The assistant to chief in each division prepares the basic work load data. This is done by developing the information with each regional head and section supervisor in the division. Estimates are made of the amount of work due in, which are then translated into units of employees, based on established standards and past experience. These calculations are then reviewed by the division chief and the Administrator's Office. Each division's request, as well as the recommendations of the executive office, are then presented to the Administrator for approval.

3. Studies for Development and Verification of Work Standards and Performance Times

Purpose: Special studies of this type are made when necessary throughout the course of the year to accumulate information on processing requirements so that standards of performance may be developed and made available for day-to-day administration and for budget preparation and justification.

Responsibility and Procedure: Primary responsibility for the detailed development of standards is located in the office of the chief of each division. Where continuous records of work productivity and employee time disposition by activity are maintained, such records form the basis for determination of standards required by budget presentations. Where continuous reporting of this type is not available, studies are normally made on a sampling basis to furnish the necessary performance data from which to develop the standards. Studies on a sampling basis have been made to determine performance time in connection with loans work in both the field and in Washington, engineering activities both in the field and in Washington, and activities connected with the billing and collections on loans as well as functions related to the analysis of the processing of borrower's audits.

4. Loan Program Planning and Scheduling

Purpose: In connection with the determination of the requirements for loan authorizations and the justification of those authorizations, annual and periodic surveys are made of the need for REA loan funds and of the schedules under which those needs may be made during the course of the budget year.

Responsibility and Procedure: The studies are the primary responsibility of the Applications and Loans Division with the initiative in that division being taken by the Office of the Chief and the Allotment Planning and Control Section. The results of the studies are forwarded to the Office of the Administrator where they are appraised in the light of overall policy, and the studies as approved then become the official basis for program planning by all divisions. The result of those studies are required as basic data in the development of division estimates for work load and staff during the budget year.

5. Program Planning Surveys

Purpose: To provide a sound basis for program estimates covering the budget year, waried program planning surveys are made annually and periodically to collect the information required in the determination of the scope and extent of REA program activity for future periods.

Responsibility and Procedure: The Program Analyst in the Office of the Administrator is primarily responsible for initiating the studies and actions required to collect this information. On request from the Office of the Administrator, information is collected and analyses are made throughout the organization, and on completion of assignments, the material is returned to the Program Analyst for consolidation. The Program Analyst, with assistance of other staff members, prepares final statements which contain the final factual basis for future program determinations.

D. SYSTEMATIC REVIEWS THROUGH PERIODIC SURVEYS:

1. Review of Policy Statements

Purpose: In order that objectives, programs, and Administrative policies may be given continuous attention in a systematic and coordinated manner, the agency has had in operation for a number of years an Administrative Policy Advisory Committee which makes recommendations to the Administrator on proposed new policies and major procedures as well as revisions in existing policies and major procedures.

Responsibility and Procedure: The membership of this committee consists of the Administrator, Division Chiefs who are responsible for program operation, and staff officers. It is the responsibility of the members to identify and bring before the committee any matters on which new policies are needed or existing policies need revision. Approved actions of the committee are issued to the entire staff through a series of Administrative Bulletins which set forth REA programs and policies and Administrative Memoranda which set forth major procedures and divisional responsibilities for execution of the policies.

The Administrative Bulletin is the written instrument which this agency uses to state its official policies. These bulletins are distributed to the Washington and field staff employees. A systematic review of the bulletins is continuously made in order to insure that changes in policy are currently reflected by revising the bulletins.

2. Internal Audit of Program and Administrative Accounts

Purpose: As an element of more systematic reviews, it is planned to have an annual internal audit of both administrative and program accounts. The purpose of the audit is to determine the adequacy of accounting procedures in the Agency and the accuracy and effectiveness of their execution.

Responsibility and Procedure: On the basis of tentative plans, the internal audit will be made by the staff of the Office of the Administrator. At this time, however, the details of personnel arrangements and the time and procedure of the audit have not been worked out.

3. Periodic Surveys of Functions and Procedures

Purpose: As part of the overall management controls in the agency, periodic studies are conducted of the principal activities and major operations to make mertain that the policies and procedures are being effectively carried out, and to determine what changes may be necessary.

Responsibility and Procedure: These studies are usually made by the assistant to chief of each division in conjunction with the organization and methods examiners in the Executive Office as well as with the assistance of other division and staff personnel. To insure maximum participation at all administrative levels, the operating employees are asked for their comments and suggestions. Process charts are prepared for the principal procedures in the

organization; these flow charts are revised from time to time as required by changes in methods. Frequent sampling is made of processing time for major functions in connection with loan activities.

4. Periodic Surveys of Unit Operations

Purpose: These studies are made by the various operating units to assure maximum effectiveness and efficiency of their work.

Responsibility and Procedure: To provide full participation by all line personnel, the supervisors of the various organization units make periodic reviews of their procedures with the objective in mind of streamlining their operations and to prevent overstaffing. These surveys are made by the operating employees with the guidance of the organization and methods examiner in the division. An example of the value of this approach is the study made by the Inspection Section of the Engineering Division. As a result of its study, the detailed Monthly Confidential Pole Report was discontinued, making possible a saving of two man-days per month.

5. Survey of Job Classification

Purpose: A post-audit review program is an essential element of a good job classification program. The duties of a position can, and do change in degree or kind, depending on the authority delegated to the incumbent of the position by the supervisor, and the mental capacity and initiative of the incumbent. Hence, a periodic review of the duties, usually about once a year, is necessary to determine that the position description accurately portrays the duties and responsibilities.

Responsibility and Procedure: A post-audit is made annually by means of questionnaire form PD-55, developed by this agency. A copy of the position description is attached to the questionnaire form and the incumbent and supervisor are asked to certify to the accuracy of the position description on the basis of the following:

- a. Are the duties and responsibilities accurate as described:
 Yes or No.
- b. If the answer is No because statement does not cover all of your duties and responsibilities, list additional tasks:
- c. If the answer is No because position description covers duties not performed, list duties not performed:

In addition to the audit by questionnaire, a desk audit is made of those positions which are shown on the questionnaire to have substantially changed since the previous audit. Consideration is also being given to periodic desk audits of all positions on a sampling basis consistent with available manpower for the activity.

An audit of the position is also made, as required, at the time that a "Fill Vacancy" request is received in the Personnel Division prior to the filling of such position.

6. Survey of Space and Equipment Requirements

Purpose: Surveys of space and equipment utilization and requirements for the Washington staff are made periodically to attempt to assure adequate working conditions for employees and effective utilization of office space and equipment made available to the Agency.

Responsibility and Procedure: The Administrative Services Division, and particularly the Property and Space Management Section of that division, is responsible for the conduct of these surveys. In the past, studies of this type have generally been made once a year, but in connection with the application of the management plan, a study will be made of the needs of the agency for more frequent or more comprehensive surveys of this type.

E. SYSTEMATIC REVIEWS THROUGH SPECIAL STUDIES:

1. Special Studies for Solution of Program Problems

Purpose: A wide range of studies on individual problems concerning all aspects of the program is normally under way at all times in the agency. During the intervals between regular periodic studies of all major functions and of the operation of organizational units, special studies are required to form the basis for sound changes in both administration and program.

Responsibility and Procedure: Special studies in this organization, as in others, are made on the basis of a wide range of both formal and informal arrangements. In connection with the management plan, such studies will be closely integrated with periodic surveys of units and functions to avoid overlapping and to assure a comprehensive identification of the opportunities and the need for management improvements. Special attention will be given to follow-up on such studies to translate results and recommendations into positive administrative action.

2. Special Studies of Administrative Procedures

Purpose: To provide the machinery for the periodic review of administrative procedures and to insure that the most efficient methods and techniques are being utilized.

Responsibility and Procedure: These studies may be conducted by one or more individuals, appointed by the Administrator, based on the recommendation of the division chief or chiefs. The necessity for such a study may be created (1) by the revision of an Administrative Memorandum or Bulletin, or (2) by administrative delays pointed out through the production control system, or (3) by administrative decision or other means. The individual or group proceeds with the fact-finding and analysis of the problem and prepares recommendations to the Administrator.

In a more informal arrangement, REA also utilizes the services of administrative trainees for making such special studies. Each trainee makes a study of a project of his own selection during his five-week assignment in the Executive Office. These trainees are new college graduates, hired as engineers or junior management assistants and undergo an intensive one-year training period with rotational tours of duty in each division.

3. Special Studies of Organization and Staffing

Purpose: To provide an additional control in the overall management plan to in sure the most effective organization structure for the agency, to make certain that the fullest and most effective use of its manpower is being made, and prevent overstaffing.

Responsibility and Procedure: A special study of this type may be delegated to one or more individuals by the Administrator. Frequently the services of the assistant to chief in the particular division or divisions will be utilized, as well as other operating and staff officials. The person or group proceeds with

the fact-finding and analysis. The recommendations resulting from the study are then presented to the Administrator for approval. An outstanding example of a special study on organization and staffing is the recent decision to integrate the new framework of personnel for the telephone program into the existing structure of the electrification employees. As another illustration, the Power Division is making a reorganization survey to determine the most effective type of functional organization in order to utilize its engineering staff to the maximum extent.

II METHODS FOR THE IDENTIFICATION OF OPPORTUNITIES FOR IMPROVEMENT AND SCHEDULING OF ACTIVITIES TO ACHIEVE THEM

A, HOW OPPORTUNITIES FOR IMPROVEMENT ARE IDENTIFIED:

1. Systematic Reviews

Description and Procedure: Methods of systematic review listed and described in the foregoing sections of this report will constitute the major base for identification of opportunities for management improvement.

The elements of these reviews, the procedures involved, and the location of responsibility in the REA organization have been furnished under earlier sections of this statement of the Management Plan.

2. Employee Suggestion and Awards Program

Description and Procedure: The Suggestion Awards Program in this agency is very active and productive of a large number of opportunities for improvement in administration and program.

A Suggestion Awards Committee operates in the agency to receive and evaluate the flow of suggestions from individual employees. On the receipt of an employee suggestion, an acknowledgement is made and the suggestion is either acted on by the Committee immediately or referred to some part of the organization for factual development and recommendation prior to action by the Committee. As a result of this procedure, each suggestion is either approved by the Committee and placed in effect or is rejected and the employee given a statement of the reasons for the rejection.

In the operation of the management improvement plan, it is anticipated that the broadened suggestion and awards program will continue to be a major source of identification of opportunities for improvement in the management and program of REA.

3. Reaction from REA Borrowers

Description and Procedure: The reaction of REA borrowers to the effectiveness of its program and the service provided by REA personnel are of great importance in the identification and adoption of both management and program improvements. The channels of available communication include the reports of agency field personnel, correspondence, personal contacts, and the views expressed by organized groups of REA borrowers and their membership.

REA will continue to be careful that all channels of communication remain open to borrowers at all times for the identification of improvements and that effective action on them is taken whenever the change is in the interest of the program and the Government. Since REA is a service organization, it appreciates the need for maintaining close contact with the groups it seeks to assist, so that such assistance may be rendered in the most effective manner, consistent with economical and efficient operation as a government agency.

4. Reaction from Members and Committees of Congress

Description and Procedure: Another source for the identification of opportunities for improvement is the Congress and the members thereof.

A variety of methods for communication between the Legislative and Executive Branches of the Government are employed in the receipt by REA of opportunities for improvement from this source. Correspondence, committee reports, and contacts with individual members are all means of securing the identification of opportunities for the agency doing a better job. This source will, of course, continue to be of major importance in guiding the REA program and its administration.

5. Reaction from the Trade and the Industry

Description and Procedure: The public utility industry is still another source from which REA secures valuable suggestions for improvements in its program and the management of the agency. Correspondence, trade papers, publications of various types, and personal contacts are examples of the media through which communication is maintained by REA with the industry. In this manner, substantial assistance is received from construction contractors, manufacturers, suppliers, and associations such as the Cooperative League of the U. S. A., American Institute of Cooperation, National Council of Farmer Cooperatives, the National Rural Electric Cooperative Association, Farm Credit Administration, and others. REA carefully weighs all proposals from these sources, as it does from all other sources, to determine that the program or administrative changes suggested are in the interest of both the rural people and the Government.

6. Suggestions and Directives from the Department and the Budget Bureau

Description and Procedure: Officials of the Department of Agriculture and the Budget Bureau make substantial contributions to the identification of opportunities for agency management and program improvement in REA.

Through its staff of administrative specialists, the Department of Agriculture is able to offer the individual agencies in the Department the benefits of consultation services and the results of special studies. The Budget Bureau is also able to extend similar services. The contribution of both the Department and the Budget Bureau to good management practice and program guidance is particularly significant during the period of annual budget review.

7. Reaction from the Public

Description and Procedure: Information and reaction received from the public, bearing on possible improvements in the REA program or in its administration, are given careful consideration as to the need for the adoption of changes in REA policy or program. Such data is given initial consideration at all

administrative levels. The Information Division, particularly, is concerned with handling the volume of inquiries from the general public, and an understanding of public reaction on all phases of the program is passed on by this organizational unit to the Administrator and to operating officials. Occasional digests of the public reaction expressed through newspapers, through correspondence, and other media are issued by this division for the use of staff members in guiding their administrative actions.

B. HOW OPPORTUNITIES FOR IMPROVEMENT ARE SCHEDULED AND EXECUTED

1. Routing and Review of Opportunities for Improvement

Description and Procedure: In appreciation of its importance to good management on a continuing basis, REA gives very careful attention within the organization to the routing and review of identified opportunities for management and program improvement. To the greatest possible extent, operating officials are given responsibility and authority to consider and put into immediate practice such identified opportunities for improvement as affect their own operations. respect to those opportunities for improvement which affect agency policy or which involve the operations of more than one division, such opportunities are routed to the Office of the Administrator for review and consideration from the agency standpoint. On the other hand, if the opportunities for improvement affect only the operations of one division and make no changes in agency policy, then under normal circumstances the improvement is given consideration for adoption only by the division involved. The result of this is to place such improvements into effect without delay. In the application of the management plan, it is anticipated that each major opportunity for improvement will be even more carefully controlled than heretofore, insofar as the routing and consideration of that opportunity are concerned. Full exploration will be made of the systematic methods under which the agency will be assured that the identified opportunities for improvement will be followed up and where a contribution is proved put into effect as promptly as possible.

2. Registration and Determination of Order of Priority

Description and Procedure: In certain units of the organization at the present time, all major management improvement opportunities are registered for future action or study. In most cases the mechanism for maintenance of the registration is a card record system on which each project, the progress of that project, and its present status are recorded. The project cards are then arranged in such manner or are identified in such a way as to indicate the priority of each project. The normal situation is to have the registration system maintained in the office of the division chief as a convenient and effective location for administrative control of the program and execution of individual opportunities for improvement.

In connection with the management plan, REA intends to expand the systematic application of this principle to reach all divisions so that attention to this important aspect of good management is on a uniformly comprehensive basis. This will involve the development and installation of the registration procedure in all divisions, not just in certain divisions as is now the case. REA considers this particular step in assuring full utilization of valuable suggestions and ideas for the improvement of its operations worthy of major emphasis in any intensive management program. The establishment of both the organization and procedures required to see that registration and priority determinations are made at all levels of supervision where such action is of benefit will be a primary objective of the Management Plan in REA.

3. Determination of the Method and Schedule for Execution of Opportunities for Improvement

Description and Procedure: Procedure varies among the several REA Divisions as to the methods and scheduling for the execution of management improvements. Over a period, patterns of procedure in this area of administration have been developed peculiar to the individual divisions and to the nature and scope of the improvements involved.

With respect to major items of improvement, certain organizational units have developed comprehensive procedures for determining how identified opportunities for improvement are placed into effect and on what time schedule the necessary preliminary actions, if any, are taken. In these divisions, a suggestion for major improvement confined to the Division is normally referred to the office of the chief for consideration of contribution and of the steps required to make it effective. The assistant to the chief who is concerned primarily with matters of administrative management acts to collect and develop the facts bearing on the suggestion and its adoption. On the assembly of the required data, the material is submitted to the chief for determination of division policy and a directive as to how the improvement may be introduced and made effective. If the opportunity for improvement is solely a matter concerning that division, the decision as to how to proceed is made at that time and the assistant to the chief assigned the responsibility for issuing the necessary directive. In the event additional study prior to initiation of the improvement is determined to be necessary, it may be carried on by the assistant to the chief, assigned to a committee for development, or assigned to a staff specialist for such development. The specific mechanism for placing improvements into effect may be a memorandum from the chief of the division to the staff, a direct verbal order, or included directly in the written procedure of the division and that procedure redistributed to the staff members concerned, or by any combination of these methods.

In the event the major opportunity for improvement concerns more than one division or affects agency policy, the Office of the Administrator secures joint consideration of concerned divisions of the problem of how and on what time table the improvement is to be introduced. The office of the Executive Officer is primarily responsible for this administrative action in such instances. The specific method for initiating an improvement at this level may be a direct order by the Administrator issued to the staff or some form of written directive for the Administrator's signature. It is fundamental REA policy to have comprehensive written policy and procedure, and under normal circumstances, the improvement is made effective by incorporation in an Administrative Bulletin expressing agency policy and/or in an Administrative Memorandum expressing the approved responsibility and procedures under which the agency operates. The Administrative Bulletins or Memoranda are issued to all staff members as the basis of agency operations.

Under the operation of the management plan, REA intends to thoroughly review the adequacy of its procedure at all administrative levels for determining the methods of and the scheduling for the execution of identified opportunities for improvement. Although as indicated certain organizational units of the REA now have comprehensive bases for this important step in making suggested improvements

effective, it is nevertheless recognized that systematic techniques in this area should be extended within the organization. This will be one of the principal objectives of the agency in its continuing efforts to improve the administrative management program wherever possible.

4. Assignment of Responsibility for Execution

Description and Procedure: Responsibility for execution of identified improvements is normally assigned to supervisors at the several administrative levels in the organization. The specific methods and channels for assignment of this responsibility depends on the nature and scope of the improvement and the area of agency operations which is affected.

This organization has given careful attention to effective methods for making assignment of this responsibility, because it recognizes that definite assignment of responsibility together with authority to execute are both fundamental to a successful management improvement program. The following are examples of the normal patterns for effective assignment of responsibility in this agency:

- a. If the administrative or program change for the identified improvement involves the operation of a single organizational unit within a division, it is usual to assign the responsibility for improvement of that unit to the head of that organizational unit through written directives of the division chief.
- b. On the other hand, if the improvement involves changes or action in more than one division or if it affects the agency program as a whole, the responsibility is assigned by oral or written directive from the Administrator to the chiefs of divisions concerned.

In a staff capacity to the Administrator, the office of the Executive Officer in the Office of the Administrator, including the Industrial and the Management Engineer, is assigned partial responsibility for installation of certain improvements. It is often necessary to have identified improvements executed on the basis of close coordination and cooperation of several staff or line divisions. The personnel in the office of the Executive Officer are able to assist effectively in providing this coordination which experience indicates is so essential to the successful installation or initiation of broad improvements. Assignment of responsibility for coordination phases of execution is also demonstrated by the activities of the assistants to the chiefs of line divisions since their function is similar to that of the management or industrial engineer with reference to the introduction of major improvements within the respective divisions requiring the coordination of action by several regions or sections. Continuing attention will be given to this very important part of the operation of the management plan as outlined in this report. It is intended under the plan that the effectiveness of division methods for assigning execution responsibility be reviewed and changes introduced where necessary to provide procedures for more direct or more effective adoption of identified opportunities for improvement.

5. Follow-up to Determine the Adequacy of Execution for Management or Program Improvement

Methods for follow-up to determine how effectively major improvements are operating and of the possible need for additional action, have been developed and applied throughout the organization to meet the particular requirements of the functional divisions and the nature and scope of the individual improvements.

In line divisions, for example, the assistant to the chief is primarily responsible for inspecting the operation of most administrative or program changes which have been introduced. The character of the follow-up and its timing depends on the circumstances involved and the judgment of the official making the follow-up. Of course, the special follow-up in all cases is not made by the assistant to the chief but may be assigned to other staff members of the division. In many cases, special follow-up may not be necessary because of the availability of the production control system, reports of various kinds, and methods of normal supervision, all of which disclose weaknesses in new procedures on the basis of the routines of good management control.

With respect to improvements which involve overall program or the operations of several divisions, the office of the Executive Officer is normally assigned primary responsibility for determining the results and the operating effectiveness of the improvement which has been introduced. This follow-up may take the form of a formal or an informal survey as to whether the improvement in operation is achieving the results anticipated for it and whether the personnel involved find the procedures developed for the installation of the improvement working in a satisfactory manner. If the improvement is not working out well, the nature of weakness involved are reported to the division chief and appropriate action is taken or the situation is reported to the Administrator for consideration of the need for new directives issued under his signature.

REA, like most other organizations, finds this aspect of a good management program the most difficult area in which to maintain performance at a uniform level of effectiveness. It is intended under the "Plan" to make this aspect of the management program one of the primary areas of intensive development so that the follow-up on improvements introduced is such as to provide assurance that the management and program of the agency will be constantly adjusted to meet the highest standards of economical and effective administration.

III IDENTIFICATION OF INDIVIDUALS AND UNITS THAT MAKE OUTSTANDING CONTRIBUTIONS TO EFFICIENCY AND ECONOMY

General Responsibility and Procedure: The identification of units, supervisors, and other employees who make outstanding contributions to the improvement of efficiency and economy in the agency will be accomplished through the normal channels of supervision. Nomination for awards either for individual employees or for groups, will be made on the basis of recommendations by supervisors or by other staff officials in close touch with the contribution which has been made. In other words, the emphasis in REA will be on the use of operating personnel at all levels of supervision to appraise work performance and nominate those individuals and units meriting special award.

The existing suggestion awards program has been in effect in REA for a number of years and has resulted in both a large number of program or management improvements and more extensive employee participation and interest in the conduct of the agency's program on an effective and economical basis. In so far as possible, it is intended to administer the broadened awards program within the organization framework of the present program. In accordance with the Budget Bureau Circular, the present awards committee will be reconstituted to provide an effective mechanism for review and final appraisal of recommendations of individuals and units that make outstanding contributions to efficiency and economy.

